
SENWES LIMITED

(Registration number: 1997/005336/06)

CONFLICT OF INTEREST POLICY

1. Introduction

In accordance with the requirements of the:

- Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS),
- the Senwes Code of Conduct in trading of shares in the Senwes Group, as well as trading by personnel in in soft Commodities for their own account, and
- the Senwes Ethics Code,

Senwes is required to establish and communicate to all its Clients its Conflicts Management Policy.

The purpose of this policy is to identify, avoid, and (where avoidance is not possible) mitigate and manage the conflicts of interest that may arise when Senwes and its Representatives provide financial advice and intermediary services to Clients. (“**Clients**” means business parties, contractual counterparties and investors in the Senwes Group).

Senwes is committed to ensuring that its business and relationships with Clients are conducted in an ethical and equitable manner in accordance with good business practice and in a way that safeguards the interests of all stakeholders.

The Conflicts Management Policy must contain mechanisms for the identification of conflicts of interest and measures and procedures for the avoidance, disclosure and mitigation of such conflicts.

2. What do you mean by Conflict of Interest?

Conflicts of interest are inherent in almost all aspects of economic activity.

In Senwes' context, a conflict could include any situation in which Senwes or any of its Representatives have an actual or potential interest that may:

- Influence the objective rendering of a financial service to a specific client or group of clients; or
- Prevent them from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.

There potential interests include, but not limited to:

- Financial interests;
- Ownership interest;
- Any relationship with a third party, including related persons¹.

3. Where could conflicts of interest occur?

The Senwes Group comprises of the divisions and companies and relationships, including Subsidiaries (the reference to "Senwes" herein include and apply to the Group).

Senwes is registered as an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act ("FAIS") FSP no. 13963 and a Registered Credit Provider ref. no: NCRCP 2402 in terms of the National Credit Act.

Senwes is as an agricultural company that provides a diverse range of financial and agricultural commodity products and financial services to a selected client base, therefore potential conflicts of interest can arise. As such the avoidance, and where avoidance is impossible, the mitigation and management of conflicts of interest are inherent to the Senwes business. Given *inter alia* the nature of Senwes business, that simultaneously conduct activities of and trading on the JSE Agricultural Commodities market; and providing investment advice to Clients conflicts of interest may easily arise or such conflict may be perceived to arise.

¹As defined in the Companies Act 71 of 2008

4. What is required by Senwes under FAIS legislation?

Senwes is required to avoid and, where this is not possible, mitigate any conflict of interest between itself and its representatives on the one hand and client(s) on the other hand.

More specifically Senwes will:

- take all reasonable steps to prevent conflicts of interest from giving rise to a material risk of damage to the interests of clients;
- implement and operate this written policy for identifying and managing conflicts of interest;
- specify in this conflicts policy certain procedures and measures to ensure appropriate independence and further steps if these prove to be inadequate;
- require disclosure of the conflict to the client, if the arrangements under the policy are not adequate or prevent material risks of damage to a client.

In considering our policy in respect of duties to clients, we take account of any circumstances, of which we are or should be aware, which may give rise to a conflict arising as a result of the structure and business activities of other agricultural companies or financial services providers.

5. How does Senwes avoid or mitigate Conflicts of Interest?

- The 1st step is to identify the type of conflicts that may arise in the course of providing advice and rendering services under FAIS or in terms of trading activities.
- The 2nd step is to identify which conflicts can be avoided.
- The 3rd step is to assess the reasons why conflicts cannot be avoided and manage such conflicts to mitigate the risks that they could be detrimental to clients.

- All employees are also required to disclose in terms of the Human Resources policies, both on employment and throughout the course of their employment, any interest outside of Senwes employment that they are party to. No material conflict in this regard is allowed.

6. What mechanisms does Senwes have in place to ensure that all conflicts are identified?

Trading in Soft Commodities by Employees:

- The Senwes Risk Officer maintains a list of potential conflict of risks within Senwes (including its related persons²). This list is updated with all new conflicts identified and, to ensure completeness, is reviewed on an annual basis (Refer to current trading pockets in the Group Structure herein below).
- Employees that wish to trade for their own account need to adhere to the applicable Code of Conduct and obtain prior approval to trade in Soft Commodities.
- All employees including designated compliance officers and risk managers, are additionally responsible for identifying any specific instances of conflict. They are required to notify their business unit compliance officer (or Risk Officer) of any conflicts they become aware of. Business unit compliance officers will escalate the conflict to the Risk Officer or the Group Company Secretary to assess the implications of the conflict, whether the conflict can be avoided and, if avoidance is not possible, how the conflict should be managed.

Trading in Shares in the Senwes Group:

- The Group Company Secretary monitors the trading of shares in the Senwes Group and ensure dealings disclosure as required by the prevailing Listing Requirements.

What are potential examples of conflict?

- ❖ Senwes could favour its own transaction, or those of specific clients, through deal orders and allocation methodologies other than Best Execution.

²Refer to footnote 1

- ❖ Senwes, or its Representatives, could be unduly influenced by Gifts and Entertainment received, or could unduly influence clients through Gifts and Entertainment offered (for example, preference in deal allocation or execution).
- ❖ Senwes, or its Representatives, could be unduly influenced by incentives or inducements received from product suppliers, whether internal (i.e. Senwes companies, divisions, subsidiaries or joint ventures) or external (i.e. suppliers in South Africa or abroad).
- ❖ Conflicts of Interest could arise as a result of personal trading or Off-market (or non-market related) transactions with Employees.
- ❖ Conflicts of Interest could arise through a Representative's conflicting Outside Business Interests, or through Senwes or their Representative's participation in deals alongside clients.
- ❖ Communications and marketing can give rise to conflicts of interest through incorrect or inadequate disclosure.
- ❖ Senwes could issue research or recommendations in a way that could induce Clients to participate / enter into transactions to the benefit of Senwes or related persons in which Senwes has an interest.
- ❖ Research or recommendations could be made in instruments that are or may become assets in a fund managed or advised upon by Senwes.
- ❖ Dealing errors, or misdeals, could be hidden or managed in a way that favours Senwes interests.
- ❖ Fees and charges are open to unfair treatment.
- ❖ Remuneration or rewarding of employees could be based on criteria which do not encourage acting in the client's best interests, for example by encouraging the marketing of certain products or incentivising employees to give preference to specific types and volumes of business.
- ❖ Conflicting duties can arise in dealing, where Senwes (for example) is:

- ☞ Acting as agent for both the buy and the sell side of a transaction;
 - ☞ Acting for clients and for Senwes or parties related to Senwes;
 - ☞ Acting for client in preference to another client;
 - ☞ Investing in the same products alongside clients and possibly making profits or avoiding gains with the knowledge of the client's transaction(s) (so-called front-running).
- ❖ Activities that could fall within the definition of Market Abuse (as provided for in the Financial Markets Act, 2012), including Market Manipulation, Spreading of Rumours and Insider Trading, can also give rise to potential conflicts of interest where Senwes, or its Representatives, favour their interests over those of clients.

7. What happens when a conflict of interest that cannot be avoided has been identified?

Once it is established that a conflict has been identified as unavoidable, it is analysed to establish the reasons for such unavoidability. The Group Company Secretary (with the assistance of the Risk Officer/Internal Audit) identifies and assesses any such conflicts, including whether the conflicts are actual or perceived, what the value of the conflicts or exposure are and the potential reputational risk. The Group Company Secretary then proposes to management measures to appropriately and adequately mitigate and manage the conflict. Management then agrees on the controls that need to be put in place to manage the conflict and the ownership of such controls. The Group Company Secretary then documents the measures approved by management and monitors the controls for effectiveness on an on-going basis.

8. What processes, procedures and internal controls are in place to generally manage conflicts?

Senwes has various internal controls to manage and mitigate Conflicts of Interests, including:

- Group business practices - Confidentiality and Representing the Group.
- Information barriers ("Chinese Walls") - Restrictive access control to certain areas; separate IT systems and IT folders, IT access control policy and "Clean Desk" policy.

- Disclosure - Clear and concise disclosure to enable the recipient to fully understand its relevance.

In addition, Senwes has various internal policies to manage and mitigate Conflicts of Interests that relate to Representatives, including:

- A combined **Code of Conduct** for trading by employees for their own account in Soft Commodities and for trading in shares in the Senwes Group. This Code entails disclosure and monitoring of employees trading activities;
- Policy on Outside Business Interests, which manages the disclosure and approval of a Representatives outside business interest;
- Declaration of Gifts and Entertainment Policy, which manages the disclosure and approval of the receipt of Gifts and Entertainment by a Representative; and
- Training and awareness are provided to Employees.

Specific instances of conflict may require management intervention in addition to the documented controls already in place. These can include escalation to EXCO for a decision on how the conflict should be managed, for example, disclose to the client or decline the act.

9. What are the consequences of non-compliance with the Management of Conflicts policy?

A Representative's failure to comply with the above internal policies, including this Management of Conflicts of Interest policy is regarded as an offence and will be fully investigated. Depending on the severity, such offence may result in disciplinary proceedings in terms of the Senwes Personnel Policy.

10. What is in place to protect the client in circumstances where the conflict of interest cannot be avoided and managed through the above processes or procedures?

In such cases, Senwes, or as applicable the specific representative, will provide full clear disclosure of the conflict of interest to clients. Where the disclosures required are specific to the person with whom you are dealing, such person will make disclosures as appropriate.

In addition, representatives are made aware of the consequences of conflicts and non-compliance through regular mail notifications and training.

11. How are advisers remunerated for services rendered to clients?

Representatives of Senwes are all employees of Senwes Limited, and as such they receive remuneration. The remuneration they receive is in accordance with the Senwes Remuneration Policy of Senwes Limited, which is set out in detail in Senwes Limited Annual Report.

Remuneration is managed through the Senwes Remuneration Committee and is determined by a number of factors, including qualitative and quantitative performance as well as team performance and the profitability of the division as a whole.

Other than remuneration, representatives are prohibited from receiving any financial interest which could give rise to a conflict.

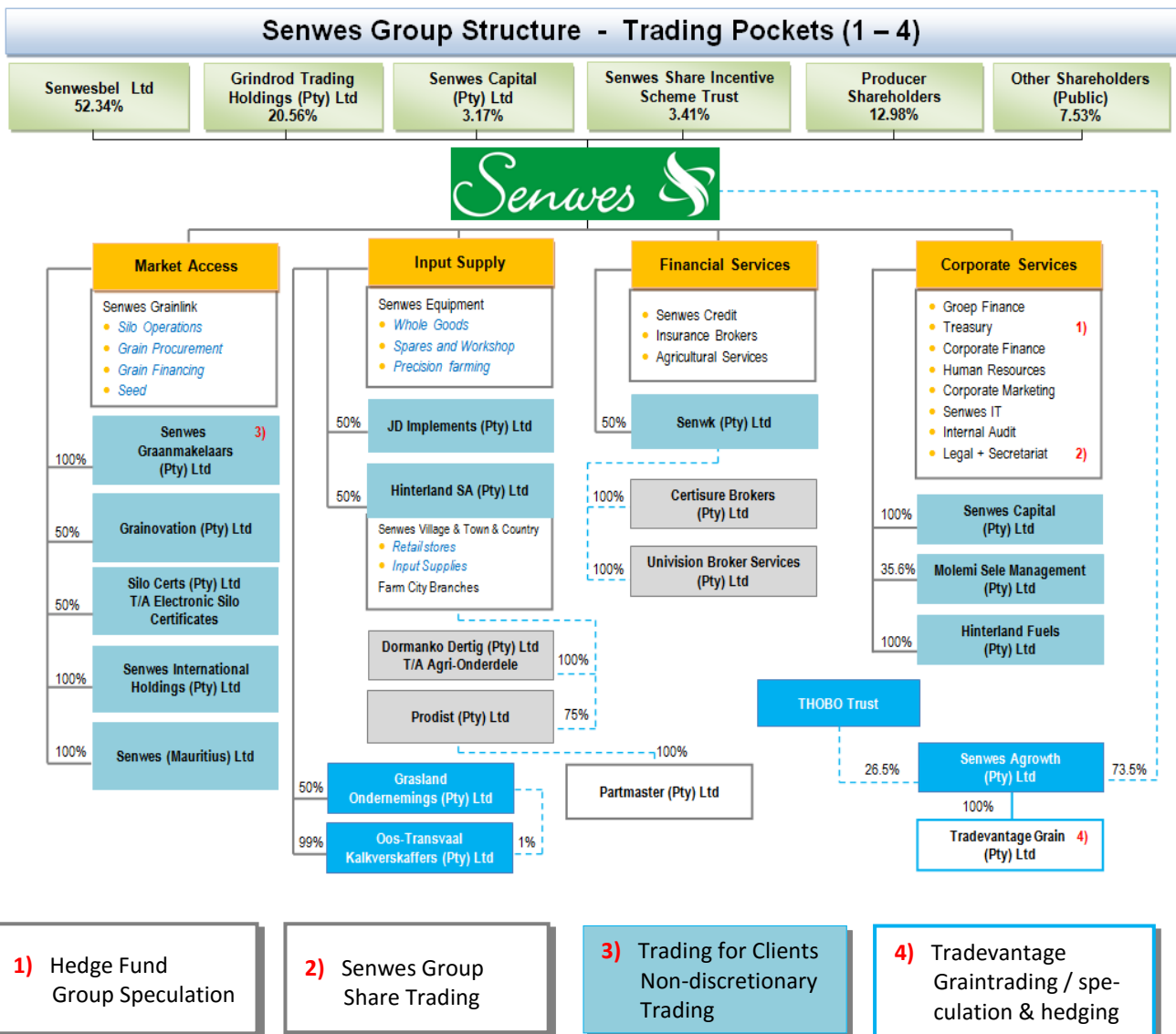
12. What relationships does Senwes have with 3rd parties and associates that could give rise to conflicts?

The organogram (below) positions Senwes in the broader Senwes Group of companies and includes details of all relationships relevant to potential conflict of interests, including:

- Divisions
- Associates (holding companies and subsidiaries);
- Joint Ventures; and
- Related trusts.
- Any person, who in terms of an arrangement or agreement with any of the above, provides a financial interest to Senwes or its Representatives that hold an ownership interest in FSP's name, or that Senwes holds an ownership interest in; and
- Including the nature and extent of that ownership interest.

The specific relationship with group companies, divisions, associates and 3rd parties are specific to each client and detailed in the client's specific documentation.

The Group structure and trading activities (“Pockets”) are hereby identified and included for ease of reference:



13. What does Senwes practice?

Taking into account the above provisions, Senwes has over an extensive period of time established the following Governance practices:

1. Annual declaration of other interests by Board Members and Employees (in each division) in the Register of Interest kept at the registered office of the Company.
2. Annual declaration of other directorships (including trusts, professional capacity such as Trustee in professional capacity as auditor).

3.	Disclose and tabling of an extract of the above Register at the first board meeting of Senwes the calendar year.
4.	Declaration of potential conflicts in the register during the course of the year.
5.	Request to declare and minuting of potential conflicts of interest at the board meetings.
6.	As from June 2013 it is required before the commencement of the scheduled board meeting that directors and officers are asked to declare potential conflicts or other interest which could flow from agenda items as a standing item on the agenda.
7.	Evaluation of board and board members performance bi-annually by the Nomination Committee which include review of conduct.
8.	Individual guidance and declaration as well as procuring of advice in the event of a potential conflict.
9.	Public declaration, disclosure and reporting of all share dealings (website/annual report).
10.	Verification and monthly scrutiny of directors accounts to ensure that it is conducted properly and at arm's length within the ordinary course of business.
11.	Detailed operational information and resolutions thereon are not tabled or presented at board level and has been delegated to management. These are for example handling and storage fees, movement and locality of grain stock, decisions of the extension of credit etc.
12.	Therefore: All Board members and officers are required to declare and disclose their shareholdings in Senwes, other directorships, and any potential conflict of interest and do not participate in any discussions and decisions on matters in which they have a conflicting interest.
13.	Annual approval of employees to trade in soft commodities for their own account.

14. What do I do in the event that I want to complain?

Please refer to:

- FAIS Complaints Policy;
- JSE Complaints Resolution Policy (Senwes Graanmakelaars); and
- The Senwes Code of Ethics.

APPROVED BY EXCO ON 6 MARCH 2017
